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Legislative Alert

April 28, 2009

Bankruptcy “Cramdown” Legislation

We have learned that the Senate vote on the Bankruptcy “Cramdown” legislation could come as early as late tomorrow. As we have discussed in the past, this legislation would allow bankruptcy judges in Chapter 13 cases to reduce the principal on a mortgage loan, change the interest rate and/or modify the term of the loan. If this legislation passes it will:

- Add significant risk and uncertainty to an already unstable mortgage market, leading to higher interest rates, down payments, and fees for all home buyers and re-financers.
- Reduce the availability of mortgage credit for potential homeowners, tightening a housing market already in crisis.
- Make it harder to qualify for a mortgage loan, resulting in more housing inventory and added pressure on prices.
- All of the above are likely to result in further difficulties for the economy and a lengthening of the current recession.

This legislation is **being offered by Senator Richard Durbin (D- IL)**. It appears the “Cramdown” is likely to be included in a bill or offered as an amendment to another bill. The two most likely bills are Senate Bills 895 and 896, respectively. It is our understanding that both of these bills contain provisions to increase the FDIC’s borrowing authority with Treasury, which the agency has said is critical in reducing the planned 20 basis point special assessment, and to make permanent recent temporary FDIC coverage increases. **We support and need the FDIC provisions to pass, but are opposed to the “Cramdown” provision. We are also aware that there may be an attempt to add increased commercial or “business” lending for credit unions to the same bill.** Obviously, we would be opposed to that.

While we believe both Georgia’s Senators are on board with our opposition to Bankruptcy “Cramdown” legislation, we encourage you to call or email them today or tomorrow morning to re-emphasize our opposition and thank them for their support. Please also express your support for the FDIC provisions and your opposition to any amendments increasing credit union commercial or “business” lending authority.

The phone numbers, fax numbers, and a link to send emails for the Georgia Senators follow:

Member Name	DC Phone	DC Fax	Electronic Correspondence
Senator Saxby Chambliss (R- GA)	(202) 224-3521	(202) 224-0103	http://chambliss.senate.gov/public/index.cfm?FuseAction=ContactUs.ContactForm&CFID=51026269&CFTOKEN=46757234
Senator Johnny Isakson (R- GA)	(202) 224-3643	(202) 28-0724	http://isakson.senate.gov/contact.cfm

You may also use the following link to go to ICBA’s website for additional resources on this legislation, and for contacting our two Senators: [Action Alert](#).

If you have any questions, please do not hesitate to call me at (770) 541-4490. Thanks for taking the time to contact our Senators.

Community Bankers Association of Georgia

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